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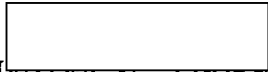
OFFICE OF THE DEPUTY DIRECTOR (INTELLIGENCE)

9 December 1963

MEMORANDUM FOR: Governor W. Averell Harriman
Under Secretary for Political
Affairs
Department of State

SUBJECT: The Situation in Burma

In view of your present concern with the outlook in Burma, you may find the attached memorandum of interest. Prepared essentially as an internal staff working paper, it provides a brief review of Ne Win's major problems and an analysis of his short-term prospects. While recognizing that foreign and domestic currents are running increasingly against him, we conclude that neither internal dissidence nor external Chinese pressures are likely to cause him serious trouble in the near future.


CHESTER D. COOPER
Deputy Assistant Director (Intelligence
(Policy Support)

Attachment

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

5 December 1963

REVISED

STAFF MEMORANDUM NO. 80-63 (Internal ONE Working Paper --
CIA Distribution Only)

SUBJECT: The Situation in Burma

1. Major Internal Problems. The chief problems facing the Ne Win government are internal -- the continuance of political factionalism and the various Communist and ethnic insurgencies. Paradoxically, factional strife has been aggravated by the government's offer, in June 1963, to negotiate settlements with all insurgent groups. Except for a single Karen faction, all such peace efforts have failed. However, negotiations with the White Flag insurgents of the Burma Communist Party (BCP) did make sufficient progress to alarm leaders of the relatively moderate political opposition, the Anti-Fascist Peoples' Freedom League and the Union Party. They became extremely vocal in opposing negotiations with the White Flags and used the occasion to renew criticism of Communist influence in the government and

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Ne Win's program of socialist revolution. In July and August, they went so far as to call for a return to parliamentary rule, in effect the overthrow of the government, and thereby forced Ne Win's hand. Mass arrest of top opposition leaders followed and apparently nipped in the bud what the government considered a potential threat. Recently, in the wake of the breakdown in government talks with the White Flags, many of these oppositionists have been released and their followers have seemingly adopted a conciliatory attitude toward Ne Win. However, the moderates remain basically opposed to him and his policies.

2. Another potential danger for the Ne Win government lies in a possible alliance of the opposition political parties with Buddhist monks, who also are opposed to the Ne Win regime. Opposition of the Buddhist clergy to alleged government discrimination increased during the spring of 1963. Summer brought open attacks by Buddhist spokesmen against government policy in general. In contrast to the swift action taken against opposition political leaders, the Buddhists have been placed under no restraint by the government. It seems likely that Ne Win will make every effort to continue to avoid a direct confrontation with the Buddhist clergy because of the adverse public reaction which would follow.

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However, Ne Win almost certainly fears the mobilizing effect that unbridled Buddhist criticism could have on other disgruntled elements, such as students, and may act forcefully against the Buddhists if certain limits are exceeded.

3. The willingness of the White Flag Communists to negotiate seriously with the government is probably attributable to the influence of some twenty members of the BCP who returned to Burma in July and August after ten years of self-exile and training in Communist China. Ne Win clearly welcomed this assist from Peiping in bringing these insurgents to the negotiating table; although the military potential of the White Flags is negligible, elimination of this insurgent group would end an expensive and irritating nuisance in the heart of ethnic Burma.

4. After months of negotiation, Ne Win broke off talks with the White Flags and jailed over 500 overt Communist leaders and assorted other politicians. He has also moved to restrain the pro-Communist student leadership at major universities. He has not attempted, at least as yet, to capture any of the underground hard-core of Communists, or to renew military efforts

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against the Communist insurgents. However, his actions have already immobilized the remnant overt Communist forces and a new, hardhitting, anti-Communist propaganda campaign is discouraging their public supporters. Military operations against the White Flags will probably also be renewed. This setback to the Communists may not be permanent. It is possible that, in time, Ne Win will release many of the recently jailed political figures and resume negotiations for some compromise on his own terms. Almost any negotiated settlement, however, would strengthen the pro-Communist left by removing its stigma of dissidence while infusing its ranks with several hundred ex-insurgents and the Peiping-trained leaders.

5. The termination of negotiations with the White Flags is almost certainly a result of Ne Win's belief that the Communists and their allies in the pro-Communist National United Front (NUF) had begun to use the peace talks as a propaganda platform to improve their political position at his expense. Ne Win's action also placated many military careerists who have long been extremely critical of any negotiations with the White Flags, one of the Burmese Army's most persistent insurgent enemies. His action was also welcomed by minority

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ethnic elements in the Burmese Army, who have always had a deep-seated distrust of government favoritism shown Burman insurgents, such as the White Flags, as contrasted with the treatment of dissident Kachins, Shans, and Karens.

6. Another threat to political stability in Burma is the continuing shift toward radical and ineffectual socialization of the economy. The new Finance Act has provided the heaviest blow yet to the already hard-pressed private sector of the economy. There is widespread dissatisfaction among businessmen, and unemployment has increased as many private firms have failed. A series of economic reorganizations has extended the government's control over foreign trade and the distribution of consumer goods; these developments have been marked by the placing of doctrinaire Marxists in key economic positions. A kind of people's court established in September may be interpreted as a government warning to civil servants and businessmen who tend to oppose the policies of the socialist revolution. We can expect this trend toward increased authoritarianism and government involvement in economic management to continue.

7. External Factors. Over the past year or so the BCP has come under strong Peiping influence and existing Soviet

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influence has been greatly reduced. Confronted with the possibility of a White Flag settlement and a legalized pro-Chinese BCP, the USSR has countered by intensifying efforts to dominate the NUF and its principal component, the United Workers Party of Burma. Communists affiliated with these organizations comprise the bulk of those Communists recently rounded up by Ne Win, without evident Soviet protests. It is probable that Sino-Soviet rivalry will continue for the allegiance of Burma's Communists as well as for Ne Win's favor. Ne Win probably considers continued Soviet interest in Burma's Communists advantageous to his efforts to contain Chinese influence in Burma.

8. Peiping's involvement in Ne Win's negotiations with the White Flags has added a new dimension to its continuing weight in Burmese affairs. Despite the failure to achieve a settlement, the Chinese role has probably conveyed an image of helpfulness to Ne Win. Moreover, Peiping's prestige is not so strongly committed nor is its involvement so direct that renewed White Flag insurgency will significantly harm Communist China's relationship with the Burmese regime.

9. In recent months, Peiping has carried out extensive road building in those areas ceded by Burma to China in the 1960-

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1961 boundary settlement. It has also committed its troops elsewhere along the Burma border to increased road construction activity. There are reports that the Chinese have augmented these border forces by as much as one army, but we have no confirmation of such reports at present. There are also reports -- similarly unconfirmed -- that during 1963 several hundred Chinese troops crossed Burma's northern tip for purposes of military reconnaissance in Burma and adjacent India.

10. Conclusions. Despite months of growing unrest throughout the country and open opposition from diverse political parties and Buddhist monks, General Ne Win continues effectively to dominate Burma. The non-Communist political opposition remains fragmented and its principal leaders in confinement. Selective purging of the officer corps has removed many potential opponents from positions of responsibility and within the core of his ruling junta, loyalty to Ne Win appears unshaken. The breaking off of negotiations with the White Flag insurgents and subsequent crack-down on extreme leftists has quieted the misgivings of anti-Communist officers. It has also made clear that Ne Win contemplates accepting no increase in the influence of domestic Communists.

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11. There are, however, many sources of political instability in Burma. The ever-increasing concentration of power in the hands of Ne Win and a few associates has tended to hinder the efficient operation of the government and the economy. Ne Win's authoritarianism has also alienated an increasing number of politically-conscious Burmese and added to the existing opposition. The disorganized economic situation is slowly turning the masses against the regime. Domestic Communists and pro-Communists remain a potent political force both outside the government and within its administrative ranks. In recent months, Chinese Communist influence has bolstered local Communists and added a new element of danger to the internal political situation.

12. Chinese Communist military activity along the border, although not presently a threat to Burma, has increased the intimidating effect of Chinese proximity to Burmese soil. It is possible that Chinese Communist forces will become available for joint operations with Burmese forces against ethnic insurgents or, as in the past, against remnant Chinese Nationalist forces. In the near term, however, we see no real threat to Ne Win's domination of Burma and no likelihood of Chinese Communist high pressure tactics upon him, either for domestic Communist political gain or for Peiping's own account in Southeast Asia.

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